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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re**

**BORDERS GROUP, INC., et al.,<sup>1</sup>**

**Debtors.**

**Chapter 11**

**Case No. 11-10614 (MG)**

**(Jointly Administered)**

**NOTICE OF FILING OF MODIFIED SALE PROCEDURES  
ORDER, BID PROCEDURES AND AGENCY AGREEMENT**

**PLEASE TAKE NOTICE** that, in connection with the above-captioned debtors and debtors in possession's (collectively, the "Debtors") *Motion for an Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (I) Approving the Sale of Substantially All of the Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests and the Assumption and Assignment of Executory Contracts and Unexpired Leases Related Thereto, (II) Approving the Sale Procedures and Break-Up Fee, and (III) Granting Related Relief* (the "Motion"), the Debtors intend to seek approval from the Court of modified bid procedures at the hearing on July 14, 2011 at 10:00 a.m., which includes an Auction<sup>2</sup> with the Agency Agreement as the stalking horse bid,

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Borders Group, Inc. (4588); Borders International Services, Inc. (5075); Borders, Inc. (4285); Borders Direct, LLC (0084); Borders Properties, Inc. (7978); Borders Online, Inc. (8425); Borders Online, LLC (8996); and BGP (UK) Limited.

<sup>2</sup> Any capitalized terms not defined herein shall have the same meaning ascribed to them in the Motion.

but will not include any bid protections. The Debtors continue to solicit bids for the purchase of their assets as a GC Sale, as well as a Full Chain Liquidation and a Remaining Chain Liquidation.

**PLEASE TAKE FURTHER NOTICE** that clean and blackline copies of the Sale Procedures Order and the Bid Procedures are attached hereto as Exhibits A and B, respectively.

**PLEASE TAKE FURTHER NOTICE** that annexed to the Sale Motion, as Exhibit 2, was that certain Agency Agreement (the “June 30 Agreement”) dated as of June 30, 2011 by and between Hilco Merchant Resources, LLC, Gordon Brothers Retail Partners, LLC, SB Capital Group, LLC, Tiger Capital Group, LLC and Great American Group, LLC (collectively, the “Liquidator Group”) and the Debtors.

**PLEASE TAKE FURTHER NOTICE** that after filing the Sale Motion, the Debtors negotiated certain modifications to the June 30 Agreement with the Liquidator Group as well as with the agents under the Debtors’ DIP Facility.

**PLEASE TAKE FURTHER NOTE** that on July 13, 2011, the Debtors and the Liquidator Group executed a new Agency Agreement, which is annexed hereto as Exhibit C, which supersedes and replaces the June 30 Agreement. Also annexed hereto, as Exhibit D, is a redlined copy of the June 13, 2011 Agency Agreement marked to show changes from the June 30 Agreement.

Dated: July 13, 2011  
New York, New York

KASOWITZ, BENSON, TORRES  
& FRIEDMAN LLP

By: /s/ Andrew K. Glenn  
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